U. S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
ENTERED
TAWANA C. MARSHALL, CLERK
By_____
Deputy

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	§	
	§	**CASE NO. 03-32040-HDH-11**
MSU DEVICES, INC.,	§	**(Chapter 11)**
	§	
DEBTOR.	§	

FINDINGS REGARDING ORDER REGARDING
USE OF CASH COLLATERAL

On the 18th day of March, 2003, came on to be heard MSU Devices, Inc., Debtor and Debtor in Possession ("MSU") Motion for Order Regarding Use of Cash Collateral (the "Motion"). By the Motion, MSU requested the entry of an order allowing MSU to use cash collateral for final purposes in accordance with F.R.B.P. 4001, conditioned upon the provisions of adequate protection for the use of such cash collateral. Pursuant to Federal Rules of Bankruptcy Procedure 7052, the Court finds and concludes as follows for the sole purpose of this Order:

FINDINGS and CONCLUSIONS

1. This Court has jurisdiction pursuant to 28 U.S.C. § 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2).

2. Notice of the Motion was proper and adequate, and that no other or further notice is necessary except as ordered herein

3. On February 27, 2003 (the "Petition Date"), MSU filed a voluntary petition under Chapter 11 of the Bankruptcy Code. Since that date, MSU has continued as a Debtor-in-Possession pursuant to the provisions of Section 1107 and 1108 of the Bankruptcy Code.

4. As of the Petition Date, the Holders of the 11.5% Indebtedness assert that they are owed approximately $2,493,371 , in unpaid principal and interest.

5. To the extent provided by Section 552(b)(1) of the Bankruptcy Code, certain collections on accounts, and other payments from MSU's operation, acquired by the estate after the Petition Date are collateral of Holders of the 11.5% Indebtedness and, to the extent such are cash or cash equivalents, they are cash collateral of the Holders of the 11.5% Indebtedness within the meaning of Section 363 of the Bankruptcy Code (the "Cash Collateral.")[1]

6. MSU asserts a need to use Cash Collateral to fund post-petition operations of its business and to preserve the property of the estate.

7. Holders of the 11.5% Indebtedness assert an interest in MSU's Cash Collateral pursuant to the following documents (collectively the "Loan Documents"):

a. Promissory Notes - with a cumulative original principal of $2,267,073;

b. Note Purchase Agreement

c. Amended Note Purchase Agreement

d. Intercreditor Agreement and Amendment to Note Purchase Agreement

e. Security Agreement

f. UCC-1's filed in March and May of 2002 covering the following collateral types: accounts and accounts receivable contract rights chattel paper letters of credit, investment property, all deposits and deposit accounts,

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[1]This finding/conclusion is not determinative of the extent, priority or validity of the Holders of the 11.5% Indebtedness lien position, but until such lien is challenged and either

inventory, equipment, fixtures, general intangibles, intellectual property, all goodwill, choses in action and causes of action; all interests in limited and general partnerships and limited liability companies; all indemnity agreements, guaranties, insurance policies, insurance claims, and other contractual, equitable and legal rights of whatever kind or nature; all commercial tort claims; all products and proceeds, including insurance proceeds, of any and all of the foregoing, save and except that the collateral does not include the capital stock of any subsidiary of Grantor formed under the laws of a jurisdiction other than the United States of America or a state thereof (the "Excluded Subsidiaries"). [2](the "Collateral")

8. The Collateral constitutes Cash Collateral, as defined in Section 363(a) of the Bankruptcy Code, of the Holders of the 11.5% Indebtedness.

9. MSU needs to use the Cash Collateral of Holders of the 11.5% Indebtedness to fund post-petition operations of its business and to preserve the property of the estate.

10. MSU can only preserve and protect its assets and its ongoing business by using Cash Collateral and by granting Holders of the 11.5% Indebtedness adequate protection.

11. The terms and conditions with respect to MSU's use of Cash Collateral and the adequate protection to be provided to the Secured Parties, as set forth in the Agreed Order

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avoided or determined to not be perfected, the lien will be considered and treated as valid and perfected.

Regarding Motion for Order Regarding Use of Cash Collateral, which such terms are incorporated by reference, are necessary, fair and reasonable.

SO ORDERED

Dated: 3/18/03

HARLIN D. HALE,
UNITED STATES BANKRUPTCY JUDGE

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[2]This list is not intended to be complete or limiting any more than it is acknowledgment, at this juncture.